

LEGISLATURE OF NEBRASKA
NINETY-EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 124

Introduced by Tyson, 19; Baker, 44; Brown, 6; Combs, 32;
Cudaback, 36; Cunningham, 40; Engel, 17; Erdman, 47;
Hudkins, 21; Jensen, 20; Jones, 43; Kruse, 13;
Louden, 49; Mossey, 3; Schimek, 27; Smith, 48;
Burling, 33; Cunningham, 40

Read first time January 10, 2003

Committee: Rereferred to Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to state funds; to amend sections 72-1242,
2 72-1249, and 84-602, Reissue Revised Statutes of
3 Nebraska, and section 72-1249.02, Revised Statutes
4 Supplement, 2002; to change provisions relating to
5 oversight of funds, contracts, and disbursements of the
6 Nebraska Investment Council as prescribed; to provide
7 duties for the State Treasurer; to harmonize provisions;
8 and to repeal the original sections.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 72-1242, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 72-1242. The state investment officer shall employ
4 qualified personnel as may be required to carry out the duties and
5 responsibilities required under the Nebraska State Funds Investment
6 Act. Such employees shall be deemed state employees and covered by
7 the State Personnel System pursuant to sections 81-1301 to 81-1368
8 and other personnel rules or regulations. At the discretion of the
9 Nebraska Investment Council, investment managers who are employees
10 of the council may be exempted from the State Personnel System.
11 The state investment officer shall be exempt from the State
12 Personnel System. All employees shall comply with state accounting
13 regulations and applicable state and federal laws in the discharge
14 of their duties. With the approval of the Governor, and the
15 countersignature of the State Treasurer as required pursuant to
16 section 84-602, the state investment officer may retain counsel,
17 auditors, financial advisors, and private consultants on a contract
18 basis or otherwise to render such professional service or advice as
19 he or she may require in the performance of his or her duties.

20 Sec. 2. Section 72-1249, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 72-1249. Any expenses with respect to the purchase,
23 sale, or exchange of any security shall be charged to the fund or
24 funds on behalf of which such purchase, sale, or exchange was made.
25 All other expenses of the state investment officer shall be paid
26 out of appropriations for the office of the state investment
27 officer with the authorization of the State Treasurer.

28 Sec. 3. Section 72-1249.02, Revised Statutes Supplement,

1 2002, is amended to read:

2 72-1249.02. The State Investment Officer's Cash Fund is
3 created. A pro rata share of the budget appropriated for the
4 Nebraska Investment Council shall be charged to the income of each
5 fund managed, and such charges shall be transferred to the State
6 Investment Officer's Cash Fund. ~~The~~ Upon the authorization of the
7 State Treasurer, the allocation of charges may be made by any
8 method determined to be reasonably related to actual costs incurred
9 by the Nebraska Investment Council. Approval of the agencies and
10 boards administering these funds shall not be required.

11 It is the intent of this section to have funds managed by
12 the state investment officer pay a pro rata share of the investment
13 management expense when this is not prohibited by statute or the
14 ~~constitution~~ Constitution of Nebraska.

15 Management, custodial, and service costs which are a
16 direct expense of state funds may be paid from the income of such
17 funds when this is not prohibited by statute or the ~~constitution~~
18 Constitution of Nebraska. For purposes of this section,
19 management, custodial, and service costs shall include, but not be
20 limited to, investment counsel fees for managing assets, real
21 estate mortgage loan service fees, real estate management fees, and
22 custody fees for fund securities. All such fees shall be approved
23 by the Nebraska Investment Council, ~~and~~ the state investment
24 officer, and the State Treasurer. The state investment officer
25 shall record and report, on the Nebraska State Accounting System,
26 expenditure of amounts arising from any contract entered into
27 pursuant to this section and sections 72-1242 and 72-1249 in such
28 manner and format as prescribed by the Department of Administrative

1 Services or according to some other reporting process mutually
2 agreed upon by the state investment officer and the Department of
3 Administrative Services.

4 Sec. 4. Section 84-602, Reissue Revised Statutes of
5 Nebraska, is amended to read:

6 84-602. It shall be the duty of the State Treasurer:

7 (1) To receive and keep all money of the state not
8 expressly required to be received and kept by some other person;

9 (2) To disburse the public money upon warrants drawn upon
10 the state treasury according to law, and not otherwise;

11 (3) To keep a just, true, and comprehensive account of
12 all money received and disbursed;

13 (4) To keep a just account with each fund, and each ~~head~~
14 item of appropriation made by law, and the warrants drawn against
15 them;

16 (5) To render a full statement to the Department of
17 Administrative Services, of all money received by ~~him~~ the State
18 Treasurer from whatever source, and if on account of revenue, for
19 what year; of all penalties and interest on delinquent taxes
20 reported or accounted for to him or her, and of all disbursements
21 of public funds; with a list, in numerical order, of all warrants
22 redeemed, the name of the payee, amount, interest, and total amount
23 allowed thereon, and with the amount of the balance of the several
24 funds unexpended; which statement shall be made on the first day of
25 December, March, June, and September, and more often if required;

26 (6) To report to the Legislature as soon as practicable,
27 but within ten days after the commencement of each regular session,
28 a detailed statement of the condition of the treasury, and its

1 operations for the preceding fiscal year;

2 (7) To give information in writing to the Legislature,
3 whenever required, upon any subject connected with the treasury or
4 touching any duty of his or her office; ~~and~~

5 (8) To account for, and pay over, all money received by
6 ~~him as such treasurer,~~ the State Treasurer to his or her successor
7 in office, and deliver all books, vouchers, and effects of office
8 to ~~him~~ such successor; and such successor shall receipt therefor.
9 In accounting for and paying over such money, the treasurer shall
10 not be held liable on account of any loss occasioned by any
11 investment, ~~when such~~ if the investment shall have ~~has~~ been made
12 pursuant to the direction of the state investment officer; and

13 (9) To countersign operational and investment contracts
14 authorized by the Nebraska Investment Council and the state
15 investment officer and to monitor and evaluate compliance
16 pertaining to such contracts. The State Treasurer shall submit an
17 annual contract monitoring and compliance evaluation of the
18 Nebraska Investment Council and the state investment officer by
19 November 1 to the Governor and the Legislature.

20 Sec. 5. Original sections 72-1242, 72-1249, and 84-602,
21 Reissue Revised Statutes of Nebraska, and section 72-1249.02,
22 Revised Statutes Supplement, 2002, are repealed.